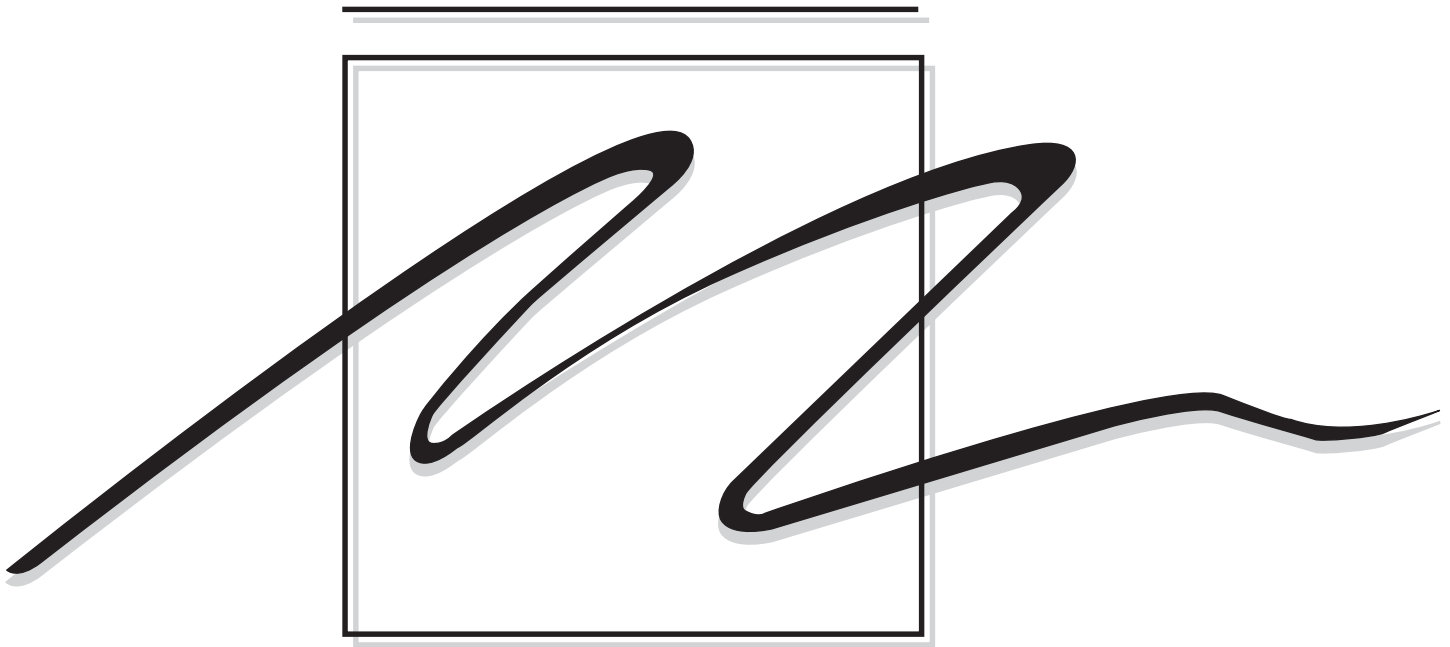


MIRA MESA

Public Facilities Financing Plan and Facilities Benefit Assessment

Fiscal Year 2005



October, 2004 • City of San Diego • Planning Department
Facilities Financing Section

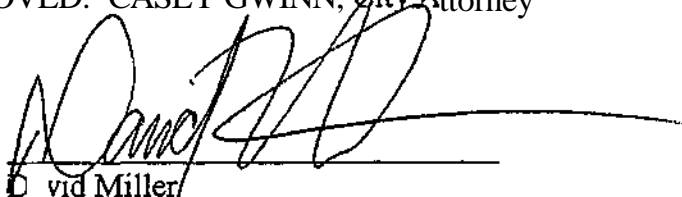
RESOLUTION NUMBER R- 2 9 9 9 0

ADOPTED ON DEC 0 7 2004

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO DESIGNATING AN AREA OF BENEFIT IN MIRA MESA AND THE BOUNDARIES THEREOF, CONFIRMING THE DESCRIPTION OF PUBLIC FACILITIES PROJECTS, THE COMMUNITY FINANCING PLAN AND CAPITAL IMPROVEMENT PROGRAM WITH RESPECT TO PUBLIC FACILITIES PROJECTS, THE METHOD FOR APPORTIONING THE COSTS OF THE PUBLIC FACILITIES PROJECTS AMONG THE PARCELS WITHIN THE AREA OF BENEFIT AND THE AMOUNT OF THE FACILITIES BENEFIT ASSESSMENTS CHARGED TO EACH SUCH PARCEL, THE BASIS AND METHODOLOGY FOR ASSESSING AND LEVYING DISCRETIONARY AUTOMATIC ANNUAL INCREASES IN FACILITIES BENEFIT ASSESSMENTS, AND PROCEEDINGS THERETO, AND ORDERING OF PROPOSED PUBLIC FACILITIES PROJECT IN THE MATTER OF ONE FACILITIES BENEFIT ASSESSMENT AREA.

APPROVED: CASEY GWINN, City Attorney

By


David Miller
Deputy City Attorney

DM:nda

10/11/04

Or.Dept:Plan./Fac.Fin.

R-2005-402

Comp: R-2005-400

R-2005-401

R-2005-403

MMS#884

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This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Planning Department, Facilities Financing Section, at (619) 533-3670.

Introduction

Authority

This **financing plan** implements the improvement requirements set forth in the Mira Mesa Community Plan, which was originally approved by the City Council on October 6, 1992 by Resolutions Numbers 280829, 280830, and 282543.

Update to Financing Plan

On October 21, 2003, by Resolution R-298517, the City Council adopted the Fiscal Year 2004 Mira Mesa Public Facilities Financing Plan. This report is an update of the Financing Plan for Mira Mesa. Future updates are anticipated to occur on an annual basis.

Scope of Report

The Fiscal Year 2005 Mira Mesa Financing Plan identifies the public facilities that will be needed over the next twenty-one years, during which the ultimate build out of the community is expected. This report also includes the revised **Facilities Benefit Assessment (FBA)** for Mira Mesa, as required by City Ordinance O-15318. The FBA is established to provide public facilities which will benefit the Mira Mesa community.

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Facilities Benefit Assessment

FBA Procedure

City Ordinance No. O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). The FBA provides funding for public facilities projects that serve a designated area, also known as the **area of benefit**. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the area of benefit in the Mira Mesa community planning area. For more information on the area of benefit, see Areas of Benefit and Projected Land Uses beginning on page 5.

Methodology of the FBA

The methodology of the FBA is as follows:

- 1) An FBA **Assessment Numerical List** (Assessment List) is prepared for Mira Mesa where each remaining, unimproved parcel or approved map unit in the area of benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to Assessment Listing Description on page A-1 for more information on the Assessment Numerical List.
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the area of benefit. The liens are filed without a specific assessment amount since the owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the development permitted according to the FBA assessment schedule that is in effect at the time the permit is obtained. Owners/developers are not permitted to pay liens in advance of development. FBA fees are paid directly to the Development Services Department at the time of building permit issuance.
- 4) Fees are collected, placed into a City revenue account, and used within the area of benefit solely for those capital improvements and administrative costs identified in the Mira Mesa Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects to be financed by the Mira Mesa FBA funds are shown in Table 9, beginning on page 29. Included in the table are:

- Project title
- Fiscal year in which construction of the project is expected
- Estimated project costs
- Funding sources

Project categories include transportation improvements, neighborhood parks and recreation, fire, and libraries. Detailed descriptions of the projects, which are listed in Table 9, can be found on the project sheets beginning on page 40. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

Expenditures

The following are three types of expenditures that may be applied against the FBA fund:

- 1) **Direct payments** for facility costs, including administration of the FBA fund;
- 2) **Credits** to developers for facilities provided in accordance with Section 61.2213 of the FBA Ordinance; and
- 3) **Cash reimbursement** to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the FBA fund provides a facility, direct payments, credits, or cash reimbursements are all treated as an expense to the FBA fund.

Areas of Benefit and Projected Land Uses

Two Tiers of Benefit

The City Council initiates proceedings for the designation of an area of benefit by adopting a **Resolution of Intention**. The undeveloped land areas that are within the community boundary of Mira Mesa are known as the area of benefit. A Facilities Benefit Assessment is applied to the residential, non-residential, and various other land use combinations of undeveloped property. Figure 1, on page 7, shows the community boundary and locations of the Mira Mesa Facilities Benefit Assessment Districts or areas of benefit.

The location and extent of the area of benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Uses table shown on page 6.

Projected Land Use

Residential

The anticipated residential development for Mira Mesa is estimated at 8,380 dwelling units. A list of the types and amount of planned residential development can be found in Table 1.

Non-residential

The anticipated non-residential development for Mira Mesa is estimated to be 1,102 acres and consists of commercial and industrial development. A list of the types and amount of planned non-residential development can be found in Table 1.

Currently, FBA fees are expected to be paid on a net acre basis for the commercial and industrial properties. In the event that a landowner desires to proceed with development of a portion of the landowner's property based on a phased development program, which is subject to a lien for the total amount of FBA as provided in Section 61.2210 of the Municipal Code, the landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the City Manager.

Table 1 Inventory of Land Uses

As of June 30, 2004

Land Use	Actual	To Go	Total
Single-Family Residential Units	2,076	204	2,280
Multi-Family Residential Units	2,601	3,499	6,100
Commercial Acres	87.92	4.33	92.25
Industrial Acres	580.07	429.72	1009.79



Boundary Map

MIRA MESA
Facilities Benefit Assessment • City of San Diego

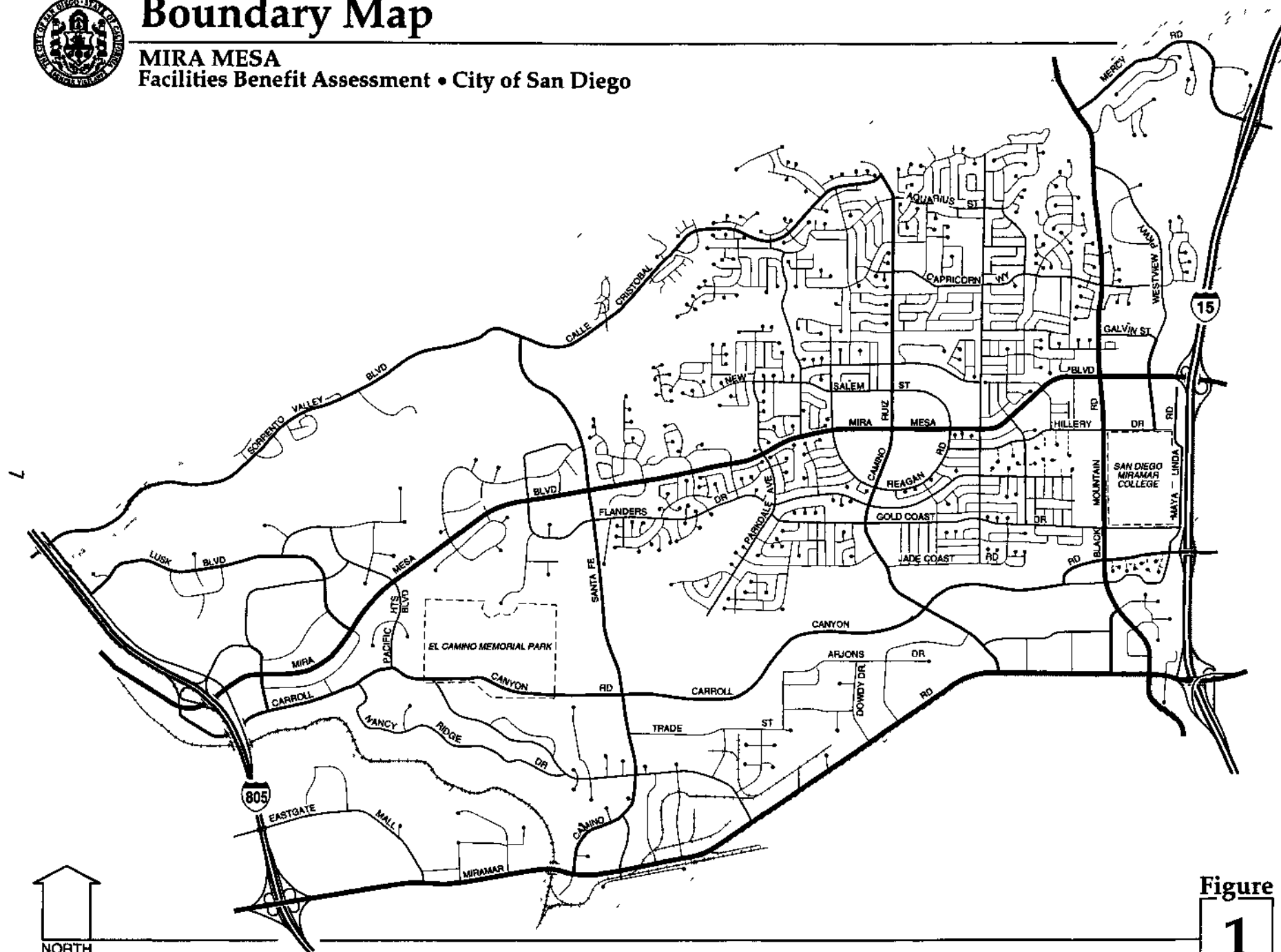


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Assessments

Assessment Methodology – EDU Ratios

An **Equivalent Dwelling Unit** or **EDU** ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit or acre, proportionate to the respective benefit.

Table 2 provides the EDU ratios used to prepare the Mira Mesa Facilities Benefit Assessment.

Table 2 EDU Ratios

CATEGORY	SFDU	MFDU	CAC	I-2	I-4	I-5	I-6
TRANSPORTATION	1	0.7	50	13	15	10	20
PARKS	1	0.7	1.2	0.8	0.8	0.8	0.8
FIRE	1	0.7	9.77	6.74	6.74	6.74	6.74
SFDU	Single Family Dwelling Unit						
MFDU	Multi-family Dwelling Unit						
CAC	Commercial Acres						
I-2 thru I-6	Industrial Acres						

Assessment Numerical List Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Numerical List includes:

- Parcel number
- Name and address of the owner (according to the County Assessor's records)
- Number of dwelling units or non-residential acres to be developed (according to the highest and "best use" scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment List may be non-sequential as a result of some parcels having been omitted after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment List is prepared, as shown on the last equalized Assessment List, or as otherwise known to the City Clerk; or by any other means which the City Council finds reasonably calculated to apprise affected landowners (Section 61.2205). The current Assessment Listing is shown in the Appendix of this financing plan and begins on page A-3. A legend, or key, for understanding the Assessment Listing is included.

A Resolution of Designation, when adopted by the City Council, imposes the Facilities Benefit Assessment in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the area of benefit. The assessments are based upon the type and size of forecasted land use of the highest and "best use" scenario.

The maps, plats, and summary of the Assessment List, all of which define the area of benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of building permit issuance at the Development Services Department.

Determination of Assessment Rates

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The amount of the Facilities Benefit Assessment (FBA) is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU ratios for each land use designation
- Schedule of facility expenditures (in FY 2005 dollars) to be financed with monies from the FBA fund
- Annual interest rate of 4%(applied to the fund balance)
- Annual inflation rate of 4% (to determine the future costs of facilities that will be constructed in years beyond FY 2005)
- At the end of each fiscal year (June 30th), unpaid assessments are increased by the inflation factor.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying a Facilities Benefit Assessment. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled, direct payments for facilities provided by the FBA fund. The base deposit rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3 lists the FY 2005 Facilities Benefit Assessment base deposit rate for Mira Mesa.

Table 3 FY 2005 Assessment Rate

LAND USE	ASSESSMENT per UNIT/ACRE in FY 2005 DOLLARS
SINGLE FAMILY UNITS	\$14,588
MULTI-FAMILY UNITS	\$10,211
COMMERCIAL	\$90,293
INDUSTRIAL (I2AC)	\$31,653
INDUSTRIAL (I4AC)	\$34,424
INDUSTRIAL (I5AC)	\$27,424
INDUSTRIAL (I6AC)	\$41,427

Automatic Annual Increases

Facilities Benefit Assessments are evaluated annually and adjusted accordingly to reflect the current economic conditions. In years beyond FY 2005, the increase reflects an inflation rate of 4% per year. An **inflation factor** is used to provide automatic annual increases in the assessment rate and will be effective at the beginning of each fiscal year (July 1 through June 30). The automatic increase provision is effective only until such time as the next annual adjustment is authorized by the City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the Area of Benefit. The Mira Mesa FBA Schedule in Table 4, page 12, shows the projected rate of assessment for each category of land use during each year of community development.

Table 4 Facilities Benefit Assessment Schedule

FISCAL YEAR	\$/ SFMU	\$/ MFDU	\$/ CAC	\$/ I2AC	\$/ I4AC	\$/ I5AC	\$/ I6AC
2005	\$14,588	\$10,211	\$90,293	\$31,653	\$34,424	\$27,424	\$41,427
2006	\$15,171	\$10,619	\$93,905	\$32,919	\$35,801	\$28,521	\$43,085
2007	\$15,778	\$11,044	\$97,661	\$34,236	\$37,233	\$29,661	\$44,808
2008	\$16,409	\$11,486	\$101,567	\$35,605	\$38,723	\$30,848	\$46,600
2009	\$17,065	\$11,945	\$105,630	\$37,029	\$40,272	\$32,082	\$48,464
2010	\$17,748	\$12,423	\$109,855	\$38,510	\$41,883	\$33,365	\$50,403
2011	\$18,458	\$12,920	\$114,249	\$40,051	\$43,558	\$34,700	\$52,419
2012	\$19,196	\$13,437	\$118,819	\$41,653	\$45,300	\$36,088	\$54,516
2013	\$19,964	\$13,974	\$123,572	\$43,319	\$47,112	\$37,531	\$56,696
2014	\$20,763	\$14,533	\$128,515	\$45,052	\$48,997	\$39,032	\$58,964
2015	\$21,593	\$15,115	\$133,656	\$46,854	\$50,957	\$40,594	\$61,323
2016	\$22,457	\$15,719	\$139,002	\$48,728	\$52,995	\$42,217	\$63,776
2017	\$23,355	\$16,348	\$144,562	\$50,677	\$55,115	\$43,906	\$66,327
2018	\$24,289	\$17,002	\$150,344	\$52,704	\$57,319	\$45,662	\$68,980
2019	\$25,261	\$17,682	\$156,358	\$54,812	\$59,612	\$47,489	\$71,739
2020	\$26,271	\$18,389	\$162,613	\$57,005	\$61,996	\$49,388	\$74,608
2021	\$27,322	\$19,125	\$169,117	\$59,285	\$64,476	\$51,364	\$77,593
2022	\$28,415	\$19,890	\$175,882	\$61,656	\$67,055	\$53,419	\$80,696
2023	\$29,552	\$20,685	\$182,917	\$64,123	\$69,738	\$55,555	\$83,924
2024	\$30,734	\$21,513	\$190,234	\$66,688	\$72,527	\$57,778	\$87,281
2025	\$31,963	\$22,373	\$197,843	\$69,355	\$75,428	\$60,089	\$90,773

Cash Flow Analysis

The Mira Mesa Cash Flow, Table 7, page 15, presents an analysis of the Mira Mesa FBA. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated FBA revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 4% annual return.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego **Construction Cost Index (CCI)** and the **Consumer Price Index (CPI)** for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction

Cost Index and the Consumer Price Index for San Diego is shown in Tables 5 and 6.

Since needed facilities are directly related to the community's growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require a modification to facility schedules and a new cash flow will be prepared.

Table 5 Los Angeles/San Diego Construction Cost Index

As reported by Engineering News Record

YEAR	CCI	% CHANGE/YEAR
1994	6475	1.79%
1995	6517	0.65%
1996	6522	0.08%
1997	6571	0.75%
1998	6673	1.55%
1999	6832	2.38%
2000	7056	3.28%
2001	7073	0.24%
2002	7440	5.19%
2003	7572	1.77%

Table 6 San Diego Consumer Price Index

YEAR	CPI	% CHANGE/YEAR
1994	154.3	2.59%
1995	156.3	1.30%
1996	159.8	2.24%
1997	163.7	2.44%
1998	166.0	1.41%
1999	171.7	3.43%
2000	179.8	4.72%
2001	190.1	5.73%
2002	195.7	2.95%
2003	203.8	4.14%

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Table 7 Mira Mesa FBA Cash Flow

NEDU FACTORS:								1.00	0.70	50.00	13.00	15.00	10.00	10.00				
FY	SFDU	MEDU	CAC	I2AC	I4AC	I5AC	I6AC	\$/SFDU	\$/MFDU	\$/CAC	\$/I2AC	\$/I4AC	\$/I5AC	\$/I6AC	INPUT \$ PLUS INTEREST	PLANNED CIP \$ EXPENSES	NET BALANCE	FY
PRIOR	2,076	2,601	88	151	164	0	265											PRIOR
2004	0	0	0.68	0	0.93	0	18.45	\$13,142	\$9,199	\$81,345	\$28,516	\$31,013	\$24,706	\$37,322	\$907,025	\$4,233,805	\$20,219,654	2004
2005	118	0	0	5.24	5.64	0	10	\$14,588	\$10,211	\$90,293	\$31,653	\$34,424	\$27,424	\$41,427	\$3,341,089	\$21,313,268	\$2,247,474	2005
2006	50	1019	4.33	3.65	5	0	15	\$15,171	\$10,619	\$93,905	\$32,919	\$35,801	\$28,521	\$43,085	\$13,110,485	\$8,531,599	\$6,826,360	2006
2007	28	925	0	3.63	5	0	12.42	\$15,778	\$11,044	\$97,661	\$34,236	\$37,233	\$29,661	\$44,808	\$11,833,718	\$9,854,458	\$8,805,620	2007
2008	8	55	0	0	5	15	25	\$16,409	\$11,486	\$101,567	\$35,605	\$38,723	\$30,848	\$46,600	\$2,832,801	\$7,948,289	\$3,690,131	2008
2009	0	0	0	0	5	0	25	\$17,065	\$11,945	\$105,630	\$37,029	\$40,272	\$32,082	\$48,464	\$1,542,785	\$2,375,983	\$2,856,934	2009
2010	0	0	0	0	5	15	25	\$17,748	\$12,423	\$109,855	\$38,510	\$41,883	\$33,365	\$50,403	\$2,121,371	\$170,331	\$4,807,974	2010
2011	0	0	0	0	5	0	25	\$18,458	\$12,920	\$114,249	\$40,051	\$43,558	\$34,700	\$52,419	\$1,749,526	\$177,145	\$6,380,355	2011
2012	0	0	0	0	6.02	0	5.121	\$19,196	\$13,437	\$118,819	\$41,653	\$45,300	\$36,088	\$54,516	\$813,343	\$367,145	\$6,826,553	2012
2013	0	0	0	0	0	0	0	\$19,964	\$13,974	\$123,572	\$43,319	\$47,112	\$37,531	\$56,696	\$256,441	\$967,578	\$6,115,416	2013
2014	0	0	0	0	0	0	0	\$20,763	\$14,533	\$128,515	\$45,052	\$48,997	\$39,032	\$58,964	\$162,404	\$4,232,929	\$2,044,891	2014
2015	0	173	0	0	0	0	25	\$21,593	\$15,115	\$133,656	\$46,854	\$50,957	\$40,594	\$61,323	\$4,193,241	\$6,011,272	\$226,861	2015
2016	0	173	0	0	0	0	25	\$22,457	\$15,719	\$139,002	\$48,728	\$52,995	\$42,217	\$63,776	\$4,329,447	\$3,990,265	\$566,043	2016
2017	0	173	0	0	0	0	25	\$23,355	\$16,348	\$144,562	\$50,677	\$55,115	\$43,906	\$66,327	\$4,500,015	\$4,947,190	\$118,869	2017
2018	0	173	0	0	0	0	17	\$24,289	\$17,002	\$150,344	\$52,704	\$57,319	\$45,662	\$68,980	\$4,154,041	\$2,351,084	\$1,921,826	2018
2019	0	173	0	0	0	0	0	\$25,261	\$17,682	\$156,358	\$54,812	\$59,612	\$47,489	\$71,739	\$3,192,397	\$270,142	\$4,844,081	2019
2020	0	173	0	0	0	20	0	\$26,271	\$18,389	\$162,613	\$57,005	\$61,996	\$49,388	\$74,608	\$4,426,291	\$1,094,974	\$8,175,398	2020
2021	0	173	0	0	0	20	0	\$27,322	\$19,125	\$169,117	\$59,285	\$64,476	\$51,364	\$77,593	\$4,733,872	\$950,163	\$11,959,106	2021
2022	0	173	0	0	0	20	0	\$28,415	\$19,890	\$175,882	\$61,656	\$67,055	\$53,419	\$80,696	\$4,963,000	\$5,982,002	\$10,940,104	2022
2023	0	116	0	0	0	20	0	\$29,552	\$20,685	\$182,917	\$64,123	\$69,738	\$55,555	\$83,924	\$3,889,667	\$6,656,833	\$8,172,938	2023
2024	0	0	0	0	0	20	0	\$30,734	\$21,513	\$190,234	\$66,688	\$72,527	\$57,778	\$87,281	\$1,364,065	\$7,239,134	\$2,297,870	2024
2025	0	0	0	0	0	11	0	\$31,963	\$22,373	\$197,843	\$69,355	\$75,428	\$60,089	\$90,773	\$760,893	\$306,757	\$2,752,006	2025
TO GO	204	3,499	4.33	12.52	41.66	141.00	234.54								\$78,270,893	\$95,738,541	\$2,752,006	TOTAL

Note:

- 1) Values are rounded to the nearest dollar.
- 2) Annual inflation rate is 4%.
- 3) Annual interest rate is 4%.

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Public Facilities Financing Plan

Purpose

The **Public Facilities Financing Plan** is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The financing plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Fee schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Mira Mesa.

Development Forecast and Analysis

The development projection for Mira Mesa is based upon the best estimates of the existing property owners, their land use consultants, and City staff. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of Mira Mesa. Conversely, a period of robust business expansion could significantly increase the rate of development. Indications are that the remaining development of Mira Mesa will take place over a twenty-one year period.

The current development schedule assumes that the required transportation improvements will be provided by the time any thresholds are reached. The projected schedule of development for Mira Mesa is presented in Table 8, on page 18. In this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Therefore, the number of units developed in 2004 refers to those for which permits were issued, with fees paid, between July 1, 2003 and June 30, 2004. Development in Mira Mesa is projected to reach 8,380 dwelling units by the end of Fiscal Year 2025.

Since needed facilities are directly related to the community growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in the rate of community development will require a modification of the schedule for providing needed public facilities.

Table 8 Development Schedule

FISCAL YEAR	SFDU	MFDU	CAC	I2AC	I4AC	I5AC	I6AC
PRIOR	1,984	2,432	71.90	149.40	157.10		225.10
2001	90		4.00		4.72		21.60
2002	2	169	7.22				
2003			4.12	1.73	1.04		
2004			0.68		0.93		18.45
2005	118			5.24	5.64		10.00
2006	50	1,019	4.33	3.65	5.00		15.00
2007	28	925		3.63	5.00		12.42
2008	8	55			5.00	15.00	25.00
2009					5.00		25.00
2010					5.00	15.00	25.00
2011					5.00		25.00
2012					6.02		5.12
2013							
2014							
2015		173					25.00
2016		173					25.00
2017		173					25.00
2018		173					17.00
2019		173					
2020		173				20.00	
2021		173				20.00	
2022		173				20.00	
2023		116				20.00	
2024						20.00	
2025						11.00	
PRIOR	2,076	2,601	87.92	151.13	163.79		265.15
TO GO	204	3,499	4.33	12.52	41.66	141.00	234.54
TOTAL	2,280	6,100	92.25	163.65	205.45	141.00	499.69

* Development figures shown for development beyond FY 2005 are based upon estimates.

Residential

The anticipated residential development for Mira Mesa is estimated at 8,380 dwelling units. A list of the types and amount of planned residential development can be found in Table 1 on page 6.

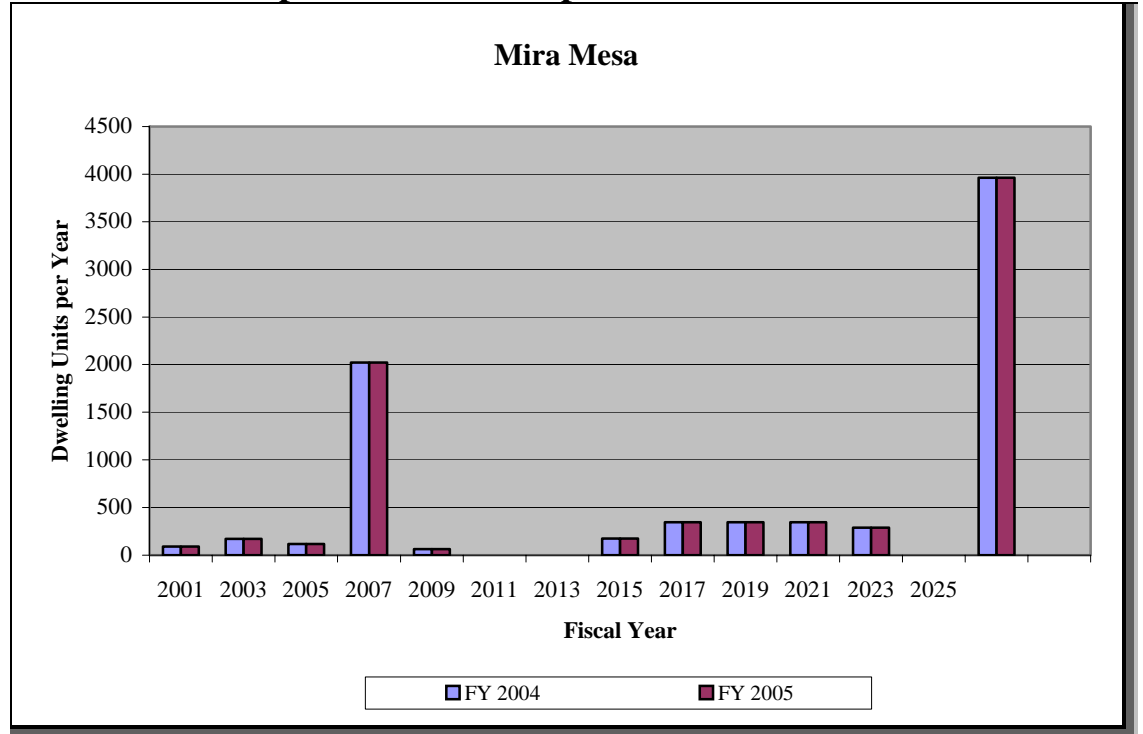
Non-residential

The anticipated non-residential development for Mira Mesa is estimated to be 1,102 acres. A list of the types and amount of planned non-residential development can be found in Table 1 on page 6.

Annual Absorption Rate

In the FY 2004 financing plan, projected residential development was expected to peak at 1,069 dwelling units in FY 2006, and then level off to 173 units per year. Below, Chart 1 illustrates how the anticipated annual absorption rate for residential development in Mira Mesa has not changed from the FY 2004 financing plan to this update in FY 2005. A list of the types and amount of the planned residential development can be found in Table 1 on page 6.

Chart 1 Comparisons of Absorption Rates

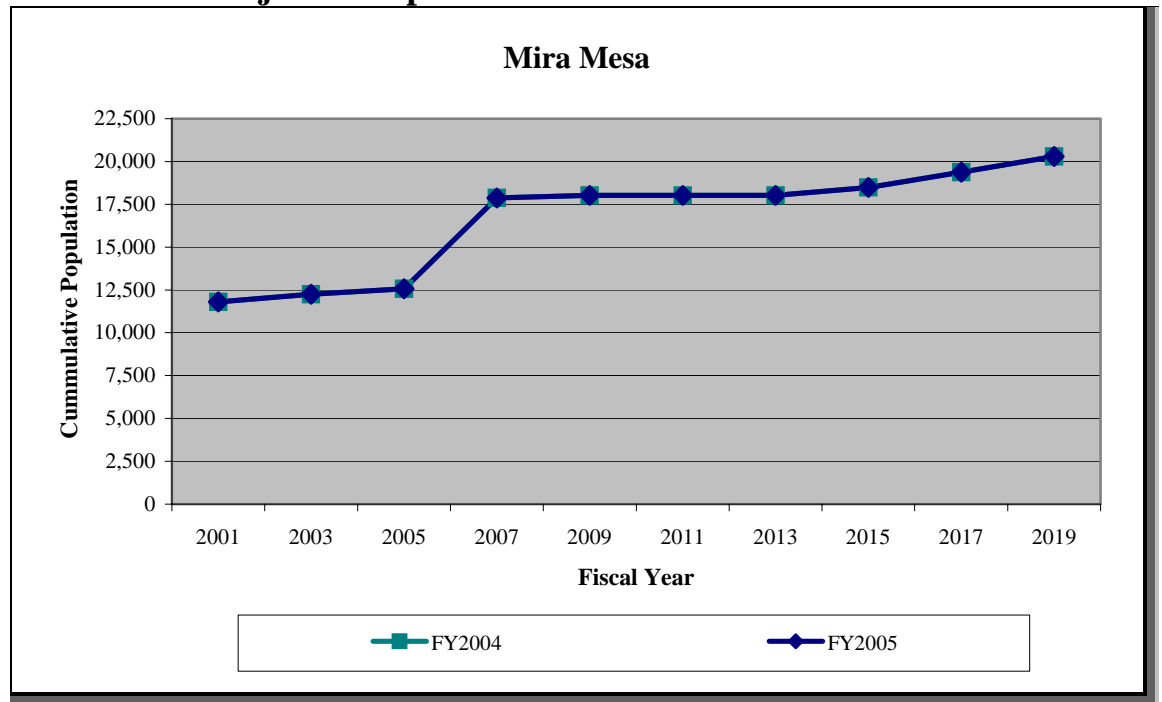


Population Estimates

Previous editions of the Mira Mesa Financing Plan have based population estimates on a factor of 2.62 persons per household. This factor is consistent with the Framework Plan for the North City Future Urbanizing Area. No change to this methodology is proposed as part of this update.

Using the population factor described above, the population growth in Mira Mesa, at build out, is projected to be 21,956. Chart 2 illustrates there is no change in the projected population growth rate between the FY 2004 and this FY 2005 update to the Public Facilities Financing Plan.

Chart 2 Projected Population Growths



Capital Improvement Program

Future Public Facility Needs

In order to better serve the Mira Mesa community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Parks and Recreation
- Police
- Fire
- Library
- Sewer/Water Lines (Utilities)

Project locations are depicted in Figure 2 on page 38 and summarized in Table 9 on page 29. Detailed project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 40. The timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets. Refer to Table 8 on page 18 for the current development schedule for the community.

Construction schedules of facilities are contingent upon actual development within the community because needed facilities are directly related to the community's growth rate. Therefore, any slowdown in community development will require a modification to the schedule by which needed facilities are planned.

Changes to Capital Improvement Project List

Revenue: An additional \$379,236 was received during FY 2005 as payment to the FBA from the County Water Authority for the purchase of 2.3 acres of Canyon Hills Park.

Significant changes to the Capital Improvement Project list are described below:

- 15-10 Camino Ruiz-Gold Coast Drive. Construction rescheduled to 2007-2009 per Traffic Engineering. Total construction cost estimated to be \$2,362,151.
- 15-29 Carroll Canyon Road – Sorrento Valley Road to 1000 Feet East of Centerline of I-805. FYI - Anticipated shortfall of \$6.5 million due to project's change in scope (bridge over the utilities/blowoff, access road with undercrossing to businesses, construction of retaining wall to avoid impacts to environmentally sensitive habitat). Total construction cost estimated to be \$18,300,000 (includes FBA, FSTP & unidentified).

- 15-47 Mira Mesa Community Transit Center. Per MTDB, will begin construction in FY 2007 vs FY 2004.
- 15-89 Kearny Villa Road/Miramar Road Intersection Improvements. Developer contribution reduced FBA portion by \$177,680 to \$1,066,300.
- 15-64 Hourglass Community Park Development. Change in scope
B&C from original agreement between City and Community College to include parking lot at an estimated cost of \$909,000. Phased in FY 2006 (\$500,000) and FY 2007 (\$409,000). Possible reimbursement agreement will be negotiated with the Community College.

In addition, the \$1.8 million developer reimbursement was moved from FY 2005 to FY 2006 as the reimbursement is not due until 12 months after the date of the advance. Project is still in design stage.

- 15-70B S. Christa McAuliffe Community Park- Phase II. Increase in design and construction funding by \$5,873,000 due to higher construction costs and project's change in scope. Developable land has been reduced to nine acres due to environmental constraints. Total construction cost estimated to be \$6,269,529.
- 15-70C S. Christa McAuliffe Community Park – Recreation Building. Increase construction and design costs by \$1.099 million due to more current cost estimates. Total construction cost estimated to be \$4,500,000.
- 15-74 Camino Ruiz Neighborhood Park. Increase construction funding in FY 2005 by \$600,000 due to increased estimates for the cost of construction. \$500,000 was added in FY04 PFFP for future facilities needs in FY 2015, when Rattlesnake Canyon Neighborhood Park is proposed to be constructed; increased by 4% inflation in FY 05. Total construction cost estimated to be \$8,160,174.
- 15-93 Mira Mesa Neighborhood Parks - Play Area Upgrades – Increase project costs to upgrade play areas to be fully compliant with current state safety regulations and federal ADA requirements for Walker Elementary School Neighborhood Park (\$445,000) and Maddox Neighborhood Park (\$386,000) for a total increase of \$831,000.

Fee Schedule for Facilities Benefit Assessments

Annual Review

The FBA Ordinance in the Municipal Code (Section 61.2212) provides for an annual adjustment of Facilities Benefit Assessments. The annual review may reflect changes to any of the following:

- Rate and amount of planned development
- Actual or estimated cost of public facilities projects
- Scope of the public facilities projects
- Inflation rates
- Interest rates
- Comparative analysis of City approved discretionary permits.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and consider the following:

- LEED “Silver Level” standards
- Impact of inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

Fee Schedule

The Mira Mesa FBA Schedule in Table 4, page 12, shows the rate of assessment for each category of land use during each year of community development. The FY 2005 assessment schedule includes an increase of 11% over the current rate due to increased project costs and the impact of inflation.

Financing Strategy

For Planned Urbanizing Areas, the Progress Guide and General Plan requires that public facilities and services, including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, schools, streets, parks, and open space be available at the time of development and be of sufficient capacity to serve the proposed development and its residents. According to Council Policy 600-28, such improvements will be furnished and financed by the developer. As such, the developers will provide a majority of the needed public facilities for Mira Mesa as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development may be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equitably spreads costs while following the procedures specified in City Council Ordinance O-15318, as adopted on August 25, 1980. A Facilities Benefit Assessment results in a lien being levied on each parcel of property located within the Area of Benefit. The liens ensure that assessments will be collected on each parcel as development occurs and will be renewed annually with each update to the Financing Plan. The liens will be released following payment of the FBA.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 4 on page 12.

Development Impact Fee (DIF)

Within urbanized communities, which are near buildout, Development Impact Fees (DIF) are collected to mitigate the impact of new development through provision of a portion of the financing needed for identified public facilities and to maintain existing levels of service for that community.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the **Mello-Roos Act of 1982**, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a **Community Facility District (CFD)**. The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require approval by a two-thirds majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

Developer Construction

New development either constructs required facilities as a condition of subdivision or provides funds for its fair share of the costs of such facilities, with construction being performed by the City. Typically, these funds are collected through the Facilities Benefit Assessment Program or through the Development Impact Fee program.

As an alternative to the Facilities Benefit Assessment or Development Impact Fee Programs it may be feasible for developers to construct one or more of the needed public facilities in a turnkey basis. Under this arrangement, developers typically are compensated, either by cash or credit against Facilities Benefit Assessments due, for the work performed pursuant to the conditions in a Council approved reimbursement agreement (Council Policy 800-12).

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the State, Federal Government, or by a combination of the two.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support its individual property/development. A **Cost Reimbursement District (CRD)** provides a mechanism by which the developer/sub-divider may be reimbursed by benefiting development which proceeds within 20 years of formation of the CRD. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

Development Agreement

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s). A Mello-Roos 1913/1915 Act, or other type of reimbursement district, however, may

fund such projects if the project(s) and applicant(s) qualify for this type of project financing.

2. Commercial and industrial land will be assessed FBAs for infrastructure (including transportation), police, fire, and utility facilities. However, developers of commercial and industrial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the Mira Mesa community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share can be evaluated at that time.
3. Annual reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.
4. The developer, or permittee, shall pay the FBA as a condition of obtaining building permits.
5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the approved reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.
6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Mira Mesa.
7. At the time of building permit issuance, an FBA credit will be provided in the amount of any "Park Fees" collected pursuant to Sections 96.0403 and 102.0406.06.01 of the San Diego Municipal Code (adopted by Council Resolution R-261231 on July 23, 1984) because the FBAs shown in this financing plan provide for 100% funding of the acquisition and improvement costs addressed in the above referenced Municipal Code sections.

8. The Development Schedule, shown in Table 8 on page ____, is an estimated schedule and is based on the latest information available at the time this financing plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within Mira Mesa.
9. Most public facilities identified in the financing plan are either “population based” or “transportation based”. The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the financing plan.
10. Only those roadways that have been designed as a four-lane facility or larger have been considered in this financing plan as being funded by the FBA. All other roadways located within Mira Mesa will be the responsibility of the developer/sub-divider and are not reflected in the FBA calculations.
11. It has been assumed that a large majority of the cost necessary to construct SR-56 will be provided from funds other than the FBA, e.g. TRANSNET, State or Federal (ISTEA) Highway funds, and/or toll road funds, etc.
12. For projects that require land acquisition in this financing plan, property value estimates assume that the property is graded, in finished pad condition, and “ready to accept” for the project for which it is intended (i.e. the value of raw land plus the cost of improvements/environmental mitigation.). The actual price paid for land within Mira Mesa will be based upon either a price established through direct negotiations between the affected owner(s) and relevant public agency or by fair market value, as determined by an appraisal that will be prepared in accordance with standard City policy.
13. It has been assumed that all costs for open space acquisition will be provided from funds other than the FBA, i.e. subdivision requirement, off-site mitigation for a particular project, etc.
14. It is expected that all right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to the FBA. If right-of-way must be acquired by the FBA by way of eminent domain, a cost reimbursement district, with the beneficiary being the Mira Mesa FBA, will be processed to recover the cost of the

right-of-way at such time as the property adjacent to the roadway frontage develops.

15. FBA fees shall be paid by all categories of private development, including affordable housing projects.
16. This financing plan identifies a number of public facility projects as being funded by the FBA. However, it is understood that, during the development of Mira Mesa, alternative funding sources may be proposed in lieu of FBA funding, such as developer funds or Mello-Roos Community Facility District financing.

Developer Advance

It is anticipated that a number of the projects, which have been identified as being FBA-funded, are to be constructed by developers in Mira Mesa. Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are sufficient FBA funds available to provide either cash reimbursement or credit against the developer's obligation to pay FBA fees. In other words, the "need" for the project may occur before there are FBA funds available to cover the cost of the project. Additionally, a developer may have accumulated credits from one or more other FBA-funded projects such that the developer is unable to use credits as fast as they have been earned. In these cases, the CIP project sheets will show the fiscal year in which it is anticipated that the developer will advance the cost of the project, also known as a **Developer Advance** (DEV. ADVANCE).

The project sheets indicate the fiscal year in which it is anticipated that funds will be available to reimburse or when the developer would take credits against their obligation to pay FBA fees. Subject to the availability of funds, the year(s) in which reimbursement or credit for the Developer Advance occurs may be accelerated to the fiscal year in which the Developer Advance is extended.